

**GOVERNMENT OF INDIA
POWER
LOK SABHA**

STARRED QUESTION NO:78
ANSWERED ON:18.07.2002
COMMITTEE TO REVIEW THE WORKING OF SEBS
MADAN PRASAD JAISWAL

Will the Minister of POWER be pleased to state:

- (a) whether the Government have constituted any Committee to review the working of the State Electricity Boards;
- (b) whether the said Committee has submitted its report; and
- (c) if so, the details thereof and the action taken thereon?

Answer

THE MINISTER OF POWER (SHRI SURESH PRABHU)

- (a) to (c) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF STARRED QUESTION NO. 78 TO BE ANSWERED IN THE LOI SABHA ON 18.07.2002 REGARDING COMMITTEE TO REVIEW THE WORKING OF SEBS.

(a) to (c) : No Committee has been constituted by the Union Government to review the working of the State Electricity Boards (SEBs). However, Union Government had set up an Expert Group under Shri Montek Singh Ahluwalia to suggest a one time settlement of the dues owed by SEBs to CPSUs and capital restructuring of the SEBs including provision of structural adjustment loans so as to enable them to overcome the financial crisis. Recommendations made by the Expert Group under Shri Montek Singh Ahluwalia with regard to one time settlement of SEB dues have been accepted. According to this scheme, the present and future outstanding dues of the CPSUs against SEBs will be liquidated. The scheme provides that 60% of the interest/surcharge on the delayed payments as on 30.09.2001 would be waived off and the rest of the dues would be securitised through tax-free bonds issued by the respective State Governments. There would also be incentives to the States for timely payment of current dues.

To address the issue of capital restructuring another Group under Shri Deepak Parekh, Chairman, Industrial Development Financial Corporation (IDFC) has been recently constituted. The terms of reference of the Committee are as under :

- (a) Examine the ongoing efforts under the existing APDP, with focus on the distribution segment, and suggest improvement measures;
- (b) Identify the reform approaches that are currently being pursued by the States, ascertain their rationale for preferring a particular approach vis-à-vis other options, and critically evaluate these approaches;
- (c) Based on (b) and an assessment of the international best practices, devise a reform approach or a menu of reform approaches to restore and sustain financial viability of the sector; and
- (d) For 5-6 selected States, devise State-specific reform programmes, in consultation with the respective State Governments, that are fair and equitable to all the major existing and prospective stakeholders in the power sector. For each State, the reform programme shall
 - (i) Provide a specific reform approach;
 - (ii) Provide a timeline for major reform milestones; and
 - (iii) Make a quick assessment of the transition support required and the extent and the manner in which Accelerated Power Development and Reform Programme (APDRP) and other funds could be deployed for achieving the reform objectives.